

# Should You Have a Global Strategy?



## Is it a Good Strategy?

**Leveraging core competence:**

- Ability to effectively leverage their core competence product differentiation strategies by offering a premium product (high quality beverages and snacks)
- Providing each customer unique "Starbucks Experience"
- Human resource management's for building very strong internal and external relationships with suppliers
- > drives the successful deployment of its business strategy of organic expansion into international markets, horizontal integration through smart acquisitions and alliances

**Low-cost implementation through:**

- Exporting or licensing for product (contractual source of income)
- Transferring the services -> open new Starbucks shops
- Licensing (for trademarks): Delight customers with the original store design, popular seasonal promotions, and handcrafted beverages enjoyed by more than 20 million loyal customers every week
- Economies of scale, location, and learning

## Bibliography

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## An International Strategy

## Examples of Starbucks' expansion



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Future plans



"These strategies will deliver growth and the enduring company."

Howard Schultz, CEO

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# Should You Have a Global Strategy?



## Is it a Good Strategy ?

- Leveraging core competence:**
- Ability to effectively leverage their corestone product differentiation strategies by offering a premium product (high quality beverages and snacks)
  - Providing each customer unique "Starbucks Experience"
  - Human resource management's for building very strong internal and external relationships with suppliers
  - drives the successful deployment of its business strategy of organic expansion into international markets, horizontal integration through smart acquisitions and alliances
- Low-cost implementation through:**
- Exporting or licensing for product (contractual source of income)
  - Franchising the services - open new Starbucks shops
  - Learning for leadership: delight customers with the original store design, popular seasonal promotions, and handcrafted beverages enjoyed by more than 70 million loyal customers every week
  - Economies of scale, location, and learning

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### Yes

- Advantages to a Global Strategy are:**
- The leveraging core competence
  - The low cost implementation
  - The economies of scale
- Starbucks has been successful at Global Expansion because:**
- The low cost implementation
  - Right of first refusal for foreign markets (the company has a franchise in other countries primarily the Canadian Market (1000 points) and another part (Franchises))
- RISKS**
- Higher risk of Intellectual Property reproduction (used as a way to reduce production on Starbucks)

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### An International Strategy

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 Why do you need an international strategy?  
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# International Strategy

# An International Strategy

Definition of a International Strategy

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Leveraging home-based core competencies

Selling the same products or services in both domestic and foreign markets



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Why?

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- Strong brand identity
  - Best known coffee brand in the world
- Strong network of franchising/licensing:
  - 10653 licensed stores worldwide, 50% of all Starbucks stores
- Differentiation strategy
  - Premium quality positioning



Why?

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Used by MNE' with relatively high domestic market : the US

Well suited for premium products :  
The quality of the product and the service

Supply chain easy to divide



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# Examples of Starbucks' expansion



## England (1998)

Starbucks entered the U.K. market with the \$83 million acquisition of the then 60 outlet, UK-based Seattle Coffee Company, re-branding all the stores as Starbucks.

2015: First profitable year for Starbucks in the UK



## Japan (1996)

- First expansion outside of Northern America
- Starbucks operated through a joint-venture with Sazaby
- It helped them gain the knowledge about Japanese market
- Now that Starbucks is well established in Japan, they want to buy their partners' shares to gain full control.



Year	Country	Number of Stores
1992	USA	100
1993	USA	150
1994	USA	200
1995	USA	250
1996	Japan	30
1997	Japan	40
1998	Japan	50
1999	Japan	60
2000	Japan	70
2001	Japan	80
2002	Japan	90
2003	Japan	100
2004	Japan	110
2005	Japan	120
2006	Japan	130
2007	Japan	140
2008	Japan	150
2009	Japan	160
2010	Japan	170
2011	Japan	180
2012	Japan	190
2013	Japan	200
2014	Japan	210
2015	Japan	220
2016	Japan	230
2017	Japan	240
2018	Japan	250
2019	Japan	260
2020	Japan	270
2021	Japan	280
2022	Japan	290
2023	Japan	300



## China (1999)

Starbucks aggressively expanded in China where Chinese traditionally prefer tea.

Key to success: coffee houses that empower China's emerging middle class to publicly display their new lifestyles and status while keeping Starbucks beverages as affordable luxuries.



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